



STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS
California's Investment and Financing Authority

NEWS RELEASE

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Arnold Schwarzenegger, Governor

William P. Wood, Commissioner

FOR IMMEDIATE RELEASE
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**California Department of Corporations Issues Subpoenas for
Information on Fraudulent Sale of "Death Benefit" Investments**

SACRAMENTO --- The California Department of Corporations announced today that it has issued subpoenas to five entities seeking information on the possible widespread, illegal selling of viaticals or "death benefit" investments in California.

"The purpose of the Department's inquiry into possible illegal sales of viaticals is to both protect legitimate businesses from fraudulent players, and to caution potential investors against this morbid kind of investment scheme," said Corporations Commissioner William P. Wood.

A "viatical," also referred to as a life settlement or senior settlement, is an investment in a life insurance policy whereby the original insured – usually elderly or terminally ill – sells their "death benefit" to a third party who then solicits investors to buy an interest in the same policy. The very nature of a viatical transaction, gambling on when someone will die, often leads to gross misrepresentations by the broker to potential investors, which constitutes fraud.

Although viatical investments can be legitimate securities and sold legally in California, the Department of Corporations has recently become aware of an increase in deceptive marketing practices such as falsifying information about a policyholder's health or guaranteeing investors an inflated rate of return. In March of 2002, the Department obtained an injunction and froze the assets of Carmen J. Palmieri for defrauding nearly 200 investors of more than \$30 million in a Ponzi scheme involving fraudulent death benefit investments. Palmieri pled no contest to 144 counts of criminal and securities fraud and was recently sentenced to thirty years in state prison.

"This inquiry is our first step in finding out just how widespread viaticals fraud is in California, and how we proceed to put an immediate end to it," added Commissioner Wood.

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The five companies that were issued subpoenas by the Department of Corporations are:

Assured Solutions International, LLC
Las Vegas, Nevada

Wilbanks & Associates, LLC
San Francisco, California

First Financial Capital, Inc.
Belmont, California

Tru-Mor, Inc.
Ontario, California

Tru-Mor Financial Group
Ontario, California

The information requested in the subpoenas must be received by the Department by March 26, 2004.

The Department of Corporations is California's Investment and Financing Authority, reporting to the Business, Transportation and Housing Agency and the Governor. The Department is responsible for the regulation, enforcement and licensing of securities, franchises, off-exchange commodities, investment and financial services, independent escrows, consumer and commercial finance lending and residential mortgage lending. For further information or to obtain a complaint form, see the Department's Web site at www.corp.ca.gov or call 1-866-ASK-CORP (1-866-275-2677).